

Weekly Contributions  
Latin America Division, ORE, CIA  
24 January 1950

## CURRENT DEVELOPMENTS

GENERAL: Steps are being taken to organize a Communist-oriented conference of South American trade unions (p. 2). The investigating committee of the Organization of American States is now studying the Caribbean situation (p. 2).

NORTHERN AREA: In British Honduras civil disorders may develop into a general strike accompanied by violence (p. 3).

CENTRAL AREA: Colombia's government is extending its influence with labor (p. 3).

#### SPECIAL SUBJECTS

## The Current Situation in Bolivia

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1. GENERAL: Communist-oriented South American Trade Union Conference  
A conference in Montevideo of Communist-oriented South  
 American trade unions [redacted] being organized by Roberto Morena, Brazilian Communist member of the Confederación de Trabajadores de la América Latina (CTAL) executive committee. Its avowed purpose is to renew waning South American trade-union interest in the CTAL; to develop union interest in the trades departments of the World Federation of Trade Unions (WFTU); and to counteract the influence of the Confederación Interamericana de Trabajadores (CIT). Although the conference is said to be tentatively scheduled for the first week of March 1950, past CTAL-sponsored conferences were in process of organization for much longer periods; consequently, it does not appear likely that this conference will take place before June.

2. OAS Investigation of the Caribbean Situation

The investigating committee appointed by the Chairman of the provisional organ of consultation under the Rio treaty (see D/LA Wkly, 10 Jan 50) has initiated the second step of its task in leaving for the Caribbean in order to complete the taking of testimony in Cuba, the Dominican Republic, Haiti, and Guatemala regarding disputes in that area. Prior to its departure, the committee (composed of the representatives to the COAS of Bolivia, Colombia, Ecuador, the United States, and Uruguay under the chairmanship of Ambassador José Mora of Uruguay) had taken the first step, namely the hearing of testimony in Washington. The fact that many prominent officials testified (including the Haitian Foreign Minister, two special representatives from the Dominican Republic, Ambassador Guell of Cuba, and Sebastián Rodríguez Lora, the Dominican chargé in Haiti at the time of the recent plot against the Haitian government) indicates the importance attached to the investigative body. The Inter-American Peace Committee has made its records relative to the Cuban-Dominican altercation (D/LA Wkly, 4 Jan 50) available to the new body which will examine extensively the whole Caribbean situation, studying the Haitian and Dominican charges separately. It is noteworthy that, in addition to the three parties directly interested in the disputes under the terms of the Rio treaty — namely Cuba, the Dominican Republic, and Haiti — Guatemala, which has not ratified the treaty but was named as an interested party by the Dominican Republic, has asked the committee to include Guatemala in its itinerary.

D/LA believes it probable that after the committee has carefully investigated all charges presented to it the Council of OAS, acting in its capacity as provisional organ of consultation under article 12 of the Rio treaty, will be able to handle the entire case, thus making a meeting of the foreign ministers unnecessary. The possibility of such a meeting remains, however, should the investigating committee discover that very serious threats to the peace exist in the Caribbean, and that the sanctions envisioned in the treaty would have to be imposed.

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3. BRITISH HONDURAS: Civil Disorders

Current demonstrations against the government may develop into a general strike accompanied by considerable violence. These disturbances are symptomatic of the territory's acute economic distress. Mass unemployment has resulted from the virtual collapse of the two leading industries, lumber and chicle. Crops and livestock have been decimated by a disastrous drought. The situation has been aggravated by a rise in the cost of living following revaluation of the local currency (D/LA Wkly, 3 Jan 50). Further, the government has announced that price controls will be imposed in February, infuriating the merchants.

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Such disorders would also provide Guatemala with propaganda with which to press its claims to the territory. (Substance in CIA Wkly, 20 Jan 50.)

4. COLOMBIA: Dissolution of CTC Expected

The Colombian government is attempting, with some success, to increase its influence with labor by moving against the Liberal-sponsored Colombian Workers' Confederation (CTC, a CTAL affiliate), by encouraging the church-and-Conservative-sponsored Colombian Workers' Union (UTC), and by issuing pro-labor legislation. Apparently the final stage of the administration's campaign against the CTC is approaching. The court action to dissolve the CTC (see D/LA Wkly, 13 Sep 49) has been held in abeyance until the terms of Liberal members of the court of appeals expire. Furthermore, it is expected that the Conservative judge who heard the case will render a decision adverse to CTC, which will be upheld by the court of appeals. On the other hand, the UTC, which was officially recognized last fall, (see D/LA Wkly, 27 Sep 49) has reportedly increased its already substantial membership.

It now seems possible to delineate the pattern for coming labor developments. D/LA estimates that, after the dissolution of CTC, the UTC will probably continue to gain members. UTC is expected to make minimum use of strikes and other forms of labor federation pressure; the government will probably grant benefits to labor as political expediency may dictate.

Although the substitution of the UTC for the Communist-affiliated CTC may be advantageous to US security interests, the increasing government control over labor and consequent limitation of checks on arbitrary or dictatorial government action is contrary to such interests.

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The Current Situation in Bolivia

(Summary -- The government has lost further political strength. The economic situation has continued to deteriorate, principally as a result of a drop in the price of tin. The army has made further gains in political influence. While the strongest subversive group, the MNR, has stepped up its revolutionary activities against the government, the other principal subversive group, the PIR, has not increased its revolutionary potential. Bolivia's relations with the other Latin American republics remain substantially unchanged.

-- US security interests have been affected to some degree by recent Bolivian events. Generally unfavorable factors include the continued weakness of the Bolivian government, its increasing economic difficulties, the doubt as to the army's policies, and the failure of the Bolivian Congress to ratify the Rio and Bogota treaties or to approve the dollar debt settlement plan.)

Political

The government has lost further strength despite its apparent success in controlling a revolutionary attempt by the MNR by the reimposition of a state of siege on 14 January. This loss has resulted principally from the disaffection of the army based on its reaction to the government's ineffectiveness, particularly in dealing with a deteriorating economic situation, and to its continued inability to form a democratic coalition government. The government has also been weakened by the following factors: continued dissension within the government party (PUSR); the setbacks suffered by the PUSR in the recent municipal elections; charges of administrative malfeasance, graft, corruption, and mistreatment of political prisoners; and b; the almost total lack of accomplishment by the congress in its ordinary session which ended on 15 December. Since it is unlikely that the democratic parties will unite effectively and since there is considerable doubt as to the achievements of the special session of congress in relation to the problems created by the expected decline in national and governmental income, D/LA estimates that the government will become increasingly dependent on army support during the coming months. As the army's influence increases, its attitude toward the MNR becomes more important. There is as yet no clear indication as to this attitude, but it is possible that the high command may entertain the idea of a modus vivendi with the MNR, which -- if effective -- would reduce tension but might change the real character of the government.

Economic

Bolivia's economic situation has further deteriorated during the past three months, principally as a result of a 25 cent drop in the price of tin (from 99 cents a pound in September to 79 cents a pound in December).

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December). Tin mining operations have already been reduced; and greater reaucton are expected, which will cause lessened income for the nation and for the Bolivian government, which obtains most of its revenue from taxes on tin exports. Corollary to these effects will be increased pressure on Bolivia's domestic and foreign exchange budget and, ultimately, possible labor troubles as mining companies find it necessary to reduce personnel. Since world production of tin is increasing and US stockpiling funds are reduced for fiscal 1951, Bolivia's tin prospects — and therefore prospects for a measure of general prosperity — appear to be extremely poor.

Attempts by the Bolivian government to meet this situation have been limited thus far to foreign exchange concessions to the mining companies and to consideration of the feasibility of relaxing general exchange controls. The concessions granted the mining companies do not seem to be adequate to exercise any great influence on Bolivia's competitive position in the metals market, and the devaluation program is still in the conference stage — except for certain piece-meal shifts of commodities from one exchange category to another. What little has been done has been by the executive authority as the Bolivian Congress adjourned until 1 February without approving the 1950 budget or making any of the needed economic reforms suggested. It also failed to pass legislation for the vital petroleum industry, which holds the greatest promise as a factor which might insulate the economy from the effects of unfavorable developments in the metals situation. D/LA estimates, therefore, that it is unlikely that the government and the congress will take adequate measures within the next few months to prevent the Bolivian economic situation from becoming even more serious.

#### Military

The army has increased its political influence, a trend first noticeable in December when an army group forced the government to replace the incumbent army commander-in-chief with General Ovidio Quiroga and to oust the army chief of staff. A new indication of the extent of the army's influence is its reported ultimatum to President Urriolagoitia regarding the cabinet. The promotions of three brigadier generals and ten colonels in December, reportedly as a result of army pressure, followed by the annual promotion list of the army and the national police, have had little effect on army morale. Some progress has been made in the reorganization of the air force, but the army remains the only effective fighting force. The growing political influence and restiveness of the army constitute a possible threat to the stability of the government.

#### Subversive

The MNR, the strongest subversive group in Bolivia, has resumed its revolutionary activities and reportedly attempted outbreaks on 24 December and 13 January, which the government forestalled. If the

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economic situation continues to deteriorate, D/LA estimates that popular discontent and army disaffection may well play into the hands of this militant group, whose revolutionary time-table seems to have been accelerated rather than retarded as a result of the failure of its all-out attempt in August.

The PIR has demonstrated its usual strength in Cochabamba where it won eight out of twelve seats on the City Council despite an internal schism over the questions of acknowledging its Communist ties and cooperating with the MNR. Further, the 8 December decree issued by the Bishop of Cochabamba, excommunicating all Catholics who retain membership in the PIR, has had little apparent effect on its membership as yet. Nevertheless, the PIR's ability to subvert the government continues to depend upon its ability to unite with other groups, toward which goal it has made no reported progress to date.

Communism has made no significant gains in recent months.

International

Bolivia's official relations with the US continue to be cordial, and the attitude of the Bolivians toward the US has improved since the last large-scale revolt (Aug 49). Although the Bolivian Congress approved the Bretton Woods Agreement in the session just ended, its failure to ratify the Rio and Bogota treaties and to approve the dollar debt settlement plan is of concern to the US. With regard to the Arias regime in Panama, Bolivia has displayed its usual reluctance to recognize a regime established by force. Although Bolivia's relations with Argentina are officially friendly, the Bolivian public remains generally distrustful of Argentine intentions. The increasing friendliness of the relations between Bolivia and Spain are indicated by the elevation of the Bolivian Legation in Madrid to an Embassy and by the appointment of ex-President Hertzog as Ambassador to that capital.